Tales From The Street

A Bryan's Cafe Blog

Customer Service, Part customer satisfaction)

August 6, 2007 by Bryan

In the first part of this series I wrote about how the attitude of the CEO makes or breaks this important brand builder called customer service.

Assuming that the CEO cares enough to personally mingle with the people in the war zone where customers are served (yup I can hear you say my CEO? Bwahahaha!!), then we can talk about the next link in the value chain – people.

I once queued up at one of the two cinemas in 1-Utama and when my turn came, this transpired between me and the box office attendant.

Me: I'd like to book tickets for tomorrow.
Attendant: You can't book. You have to buy.
Me: Ok can I have 2 tickets please.
Attendant: Sorry sir we cannot allow booking, You said you want to book.
Me: Ok ok, whatever I just want 2 tickets.
Attendant: Next time you must say you want to buy. We don't do bookings here.
Me: ?? If I buy for tomorrow, as far as I'm concerned I'm booking those seats. So what's the diff?
Attendant: Yeah that's what you say but its not what we say.
Me: So are you gonna give me the tickets or not?
Attendant: Ok but I just want to tell you we cannot allow bookings.
Me: Oh wtf, forget it. (walks off and I never went back there again)

This little exchange establishes one fact that most companies ignore: that the first person your customer comes into contact with invariably finds a way to build your brand or kill it. If this person 'malfunctions' then every customer he or she touches turns to dust, along with the millions you've sunk in A&P.

When I bump into smartasses like the box office attendant, I wonder sometimes, what do companies do to ensure they have the best minds at the front line? Or is it my mistake to believe they even bother at all?

You know what would be interesting? To do an employee-satisfaction survey among people in this line of work. I think you'll find the result shockingly low. Either these people had no idea what they've gotten themselves into, they're not given the right tools or information to do

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their jobs, or they're motivationally challenged. Many are treated with the same dignity as clerks and typists by both their customers and their own higher-paid colleagues.

Now consider a different scenario: you standing face to face with a brand ambassador who actually raves about his products, is genuinely concerned about listening to you and helping you make the right decisions. Only in fairy tales right? And that's why brand value is so notoriously difficult to build.

Personally when it comes to brand experience, I find genuineness to be the silver bullet. A fast food joint can give me cold fries but if the staff is genuine about the mistake, I'm more forgiving than towards the "lan si" guy who unsmilingly gives me the perfect order. Genuineness can only come from people who are capable of being genuine, people who are natural caregivers. You might say given money anyone can do anything. Well that's a good statement. If you could put a value on creating happy customers, what would you say your figure would be?

So how do companies screw it all up? I see three ways.

1. They hire people who are clearly not born with the ability to empathize and give care.
2. They deny them of the tools and information to do their job.
3. They deny them of incentives to always be at their best in front of the customer.

And I'll add one more – Having a culture where seeing the No. 1 (CEO) walk in and have friendly one-on-one chats with the front-liners is about as rare as a meteor landing in your backyard on a Sunday afternoon. Meaning that despite soothing words to the contrary, having a CEO who really doesn't give a hoot about the place where his brand is being forged.

Next: Part 3: Mice under the blanket

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Is this company worth i

July 31, 2007 by Bryan

Thought I'll just pen this down before I fly off to JAK this afternoon.

I get introduced to entreprenuers every now and then, aspiring people who are looking for someone to finance their startup. I have great respect for them. Its not easy to jump into the great blue unknown with little more than an idea and a belief, and its immensely more difficult to find a private individual who's willing to stick his neck out to finance the venture.

So how do you tell if a business is worth investing in?

First a disclaimer. I'm still learning and can only express what I would do, which might be completely amatuerish by your standards. But again these are my amatuer thoughts nonetheless, not to be taken too seriously.

I look at 2 things – Risk and return. It sounds overly simple no doubt but so far, there's nothing I've come across that doesn't fall under one of these 2 categories.

Returns is how much money I will get back. If I put in $10, can I get say $12 after a year which is basically 20%. The higher this figure the better because after I've offset it against things like inflation, I have to ask myself if the returns are worth it. As an investor I will naturally shop around for the "best deal" i.e. an investment that gives me the highest possible return in the shortest possible time. All buying and selling in stock and capital markets work

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on this principle. If the business cannot generate significantly more than a bank's fixed deposit rate, I might as well put my money in FD which carries zero risk.

Risk is slightly more complex to figure out. Simply put its my assessment of whether I will make or lose my money based on whether I feel the venture will succeed in a given environment. The questions I would ask are is this a rising or a falling sector? Who is the customer? What influences marketshare and profitability? What are the chances that legal or supplier problems might kill it? Is the management team competent? Is there a clear business plan? Is there an exit plan?

To put it another way, even if the promised returns are high, I will avoid putting money into companies that show these symptoms:

- Wants to enter an overcrowded or shrinking industry sector
- Questionable legitimacy (untested products, potential legal problems)
- Single point of failure (if the owner of the trade secret leaves, the whole business leaves with him)
- Very long period to commercialize
- Very long breakeven period
- Products have very short shelf life (fads)
- Cheap to copy
- Questionable management (eg poor attention span, unnecessarily lavish, combative, etc)

Again I'll stress that I only apply these to small startup companies. For companies that have already gone public, it'll be about buying stocks in an open market and I would look at a different set of things. I might blog about that later.

A final note. Investors have different risk appetites so what works for one may not work for another. Its not unusual for an extremely cautious investor to say I want some control of the business as part of the deal. Whether shareholder intervention is actually good for the business is debatable but its a reality that many entreprenuers have to live with.

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Reasons to give away y

July 29, 2007 by Bryan

Warren Buffet does it. Bill Gates does it. Do you do it?

I'm talking about giving a healthy chunk of your fortunes away to charity. But why you'll ask? Especially when like the rest of us, you're trying very hard to make ends meet. And I think its a valid question.

People are philanthropic for many reasons, from a genuine wish to see a better world by funding the search for cures to some ulterior business motive. While the reasons may vary, the relief they bring does not so I believe its positive either way.

Maslow's hierarchy of needs will provide a clue as to why people behave this way but does it make good business sense though? From a returns perspective I'd say a big YES if you can afford it. There's a selfish and non-selfish part to it.

The selfish part is all about **personal branding**. When the world press broadcasts the fact that you're giving away billions, it sends a message about you. You have arrived. Philanthropists form an elite group among billionaires, a club within a club. Membership in that group gives you clout that the others don't have. There's nothing like having a Rockefeller Foundation under your name to earn the favor of Presidents, not just for you but for your generations. In

America, this branding concept has developed into an art that extends to infant naming. A name like John Forbes III will open doors in ways that names like Tan Ah Kow won't, no matter how rich he is.

The non-selfish part is the more mundane role played by the contribution. Gates and Buffet's money funds the search for an AIDS vaccine. Whether they will find it in their lifetime is uncertain but it serves their CSR or Corporate Social Responsibility nonetheless. In civic minded societies, your business success has a strong correlation to your CSR rating. Europeans for example shy away from products whose manufacturing causes harm to the environment. **It's no longer a battle for mindshare but for heartshare** (branding pros – fugure that one out)**.** That's how CSR works over there.

But seriously, do you need to be rich to give? My answer is no. We have all given back to society in our own way at one time of another, probably not to brand ourselves but as a reflex to the natural human condition. Giving is good because subconsciously you know you're sowing seeds that will benefit you later. **The Buddha once said that if people only knew the value of giving as he does, they would not take a single meal without sharing their food with others.** I am a strong believer in that.

Posted in Brands, Money | 4 Comments »

How does your CEO rate

July 27, 2007 by Bryan

When I first arrived from the US, one of things I notice about Asian CEOs is their level of technical competence. By this I mean that while a typical American CEO will stand up and passionately talk about his company's products in great detail, the Asian CEO would often let his lieutenant speak about a product. When asked about a detail, he (the CEO) would pass the buck right back to his lieutenant.

I'm not saying all Asian CEOs are like that but of the few that I've met, they're all like that. I wondered what else was different.

These are the views of a casual investor who's only concern is the returns on his money so my opinions will differ from those of a management consultant.

Understanding a company's leader or CEO, IMHO, is as important as understanding the other fundamentals of the industry that support the business. What I look for is track record which will shed light on management attitudes. I assume winning companies come from winning attitudes, especially that of the commander in chief.

In the CEO, the biggest thing I look for is his understanding of value creation, firstly how he intends to create it from extrinsic means like the (legal) movement of assets. Things like how partnerships and buyovers can enhance stock value overnight. Secondly, how capable he is in encouraging organic growth which also drives stock value. If the CEO doesn't know a thing about his products and the market has no respect for the brand, then do you really wanna do business with him.

Some CEOs have one thing but not the other. That can be made up by having consultants and stuff but what cannot be outsourced in my opinion are attitudes. To understand a person's attitude you need to look at his values. If a CEO's view of the market is purely opportunistic, then you can expect to see (a) a CEO who knows very little about his products since he knows they won't be around long enough so why bother, and (b) a hype-driven organization whose love of the market wanes after the opportunity has been squeezed to the

max.

As a long term investor I look for sustainable values in a CEO, a developmental trait that implies an interest in building a sustainable relationship with the market. When a company gives great ongoing value, it gives the market reasons to maintain its trust and capital stays longer. Hit and run mentalities are good for hit and run investors. You can make money there no doubt but the risks are correspondingly higher.

So much of it is down to the CEO, the guy who convinces the shareholders for funds and who sets the direction on the ground. Personally I don't buy into the excuse of a good CEO + bad staffing = bad performance. Good CEOs make good hiring decisions and eliminates underperformers. If he is unable to do that, all the more reason to dump the CEO.

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C u s t o m e r s e r v i c e , P a r t

July 26, 2007 by Bryan

I had the privilege yesterday of giving some ideas to a friend of my dad who was thinking of replacing his customer help line with a more responsive system. His current system is an answering machine. No kidding. Its very cheap, never misses a call and is completely useless because the tape hasn't been replaced in 10 years. 😃

Now I'm no expert in this area and can only speak from an experience of being an intern in a US bank where they put me as a team member in a customer advocacy project. I'll try to recall what I can.

If there's a single thought that sets the tone and direction of customer service, I think its this: **Do unto others what you want them to do unto you.** It means putting yourself in the customer's shoes. I'll bet 90% of businesses will fail if their owners bothered to put it up against their own personal standards.

IMHO, crappy customer service exist because the company either has no fundamental philosophy of service or its completely amatuerish. Most Asian CEOs I'm told want nothing to do with customer service or believe its the responsibility of telephonists, highly-strung people thrown into wired dungeons who are often paid slightly better than janitors.

It is pointless to write about the lousy people at the call center or what systems to use if nobody in the company genuinely thinks its important so as not to put the cart before the horse, I'll just talk about this fundamental first. Let me start off with a questionnaire.

1. Has the CEO ever done anything tangible and significant to add value to the customer service process other than talk about it to visitors?

2. Does the CEO believe the cost of customer service should be factored into the cost of his products?

3. Does the CEO demonstrate any evidence that he understands the connection between sales and customer satisfaction? (If he spends 100% of the time talking about sales and 0% about customer experience, you know the score).

4. Does the CEO demonstrate he understands where customer goodwill sits in the brand equity equation.

5. Does the CEO ask questions about customer satisfaction statistics? Is he even interested at all?

6. Is the CEO genuinely people-friendly?

If there are more no's then yes's in your answer, the company is doomed. There's a gaping

hole in a critical fundamental. Sell your stock while you can and get the hell out.

You'll notice that every question I ask concerns the CEO's attitude. Its because from what I've been taught, 90% of a company's problems can be traced back to the CEO, especially those who treat customer dissatisfaction as a source of irritation rather than a strategic money-making insight. When golf and internal bickering gets more executive time and the CEO has a habit of distancing himself from customer issues, be careful.

Questions no. 3 & 4 are the most revealing to me. Apparently many CEOs are clueless when it comes to connecting the dots between experience quality, better sales and brand value. They'll insist giving good experience costs money and that's money we'd rather not spend so lets focus on making nice promises, pretty packaging and hard selling.

Its a lot like a marriage isn't it. Getting married is the easy part. Its staying the course that's the killer.

So when all a CEO does about experience quality is pay some obligatory lip service to shareholders, that attitude ripples down the line and hits the company squarely in the wallet. **Executive indifference** infects how equipment is bought, people hired and customer insight obtained. Customers hate aloofness to their problems so they hit out at the staff. Unhappy employees hit back at other customers who then hit out by dumping the company's products. Market share dips and your share value tanks. Viral marketing then finishes the job.

And that's how companies get AIDS. It can be terminal so before you buy into a company's stock, it pays to give this fundamental a very close look.

So, you say save the cheerleader and save the world. I say dump the aloof CEO and save the company's stock value.

Part 2: How to screw up satisfaction

Posted in Brands, Money | 5 Comments »

A short break

July 17, 2007 by Bryan

I'll be on a plane to Singapore early tomorrow and then to Guangzhou on Thursday. Should be back by Sunday or if we do decide to go up to Shanghai, by next Thursday. Gonna die again cuz my Mandarin sucks. Anyhow take care and 'talk' to you all again when I get back. 🙂

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Second chances

July 17, 2007 by Bryan

I have an uncle in Hong Kong whom my parents visit every other year. He's one of the more successful of dad's siblings, having built a sizeable business on the island. We had a great time spending last Christmas with him.

Uncle Bernard had not always been successful. In his journey he went bankrupt 4 times, each time rebuilding his life again. He lost everything including his wife in the process. It was only after the coaster ride ended 15 years later that he settled down with wife no. 2. They have 2 children, my cousins who are now in Canada.

One of the most memorable quotes of his that I can remember is **if you've never tasted**

failure, you will never know success. He says its normal for HK people to go bust and rise from the ashes a few times before they become truly successful. Its a story that's told not with shame but with great pride, as an indication of how much salt one has eaten.

I don't know if I can ever be like Uncle Bernard. The fact is some places treat failure differently. In the US, recovery from a mistake can be a very difficult process so the fear of mistakes can be paralyzing. All markets punish mistakes severely no doubt but its also true that some places make it easier for people to start afresh than others.

I do have a list of goofy mistakes a mile long. I'm told college won't teach you these things. That's reserved for the school of hard knocks and you know what the best part is? That apparently there's no real secret to success. Just do it, make a mistake, then learn to do it better.

Nike had it right after all.

So mistakes are good because they help you become a better person. The only question now is would our girlfriends or boyfriends buy that

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How to raise capital

July 16, 2007 by Bryan

The rich don't work for money. I can't remember who said that but I think there's a lot of truth to it. The rich lets their money do all the work, mainly through investments. The question is how do you raise the money for this.

I can think of 3 ways – **debt, equity or savings**.

Debt means borrowing. It requires repayment. The advantage is you pass on the risk to the borrower, although not entirely because you can be sued (or beaten up in the case of Ah Longs) for not repaying. The disadvantage is you need credibility through collateral, track record, clean credit history or all the above and not everyone has all three intact. Borrowing from friends and family is dicey if things don't work out.

Second is equity financing which simply means selling part of your business to an investor. The drawback is that usually, the investor will want some control in the running of your business. If you are a control freak like some people I know, you will regret the day you gave up that control.

Third is using your own savings which is technically borrowing from yourself. Unless the investment is a sure-fire winner, this is probably the riskiest form of raising capital as you may lose it all. This is why most people only dare put them in guaranteed instruments like savings account and fixed deposits or maybe unit trusts.

I've excluded grants because you can't use them to buy shares and property, or lotteries because you can almost forget about seeing the money.

If you know of any other ways to raise capital, please share.

Posted in Money | 2 Comments »

Do you have all the ans

July 15, 2007 by Bryan

I met a number of associates and business people last week. Some of them are tough negotiators. It helps to know they need me more than I need them this time around so it hasn't been that difficult to get what I want.

But there is one breed of businesspeople I find hard to figure out. They like to fashion themselves as gurus, passing unflattering comments about how messed up this business is or that business is. They're so smart they can tell you why a business is failing by just asking you 2 or 3 questions. That is, until you understand where they are financially.

What do you call someone who's struggling to break even after 6 years in operation and talks like he knows the secrets to running a successful business?

The same thing you'd call a guy who thinks he has all the answers to relationship problems and yet struggles with his own marriage?

I dunno but there seems to be many emperors running around without clothes on. Hilarious isn't it.

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Sprint fires 1,000 cust

July 12, 2007 by Bryan

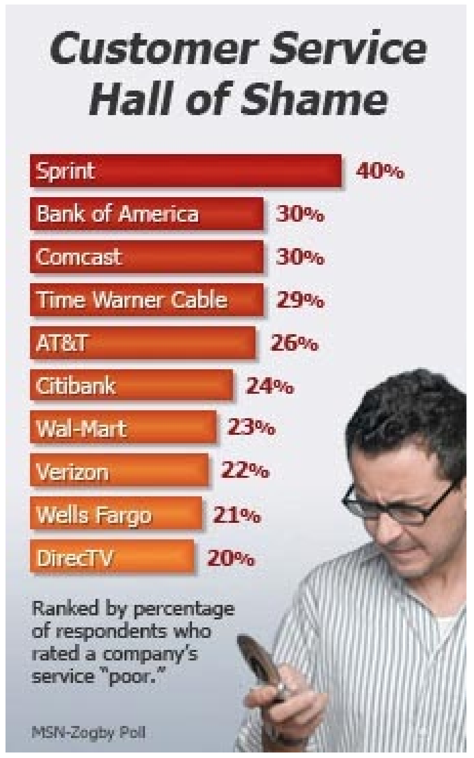
If you think you've ever gotten a raw deal as a cutomer, wait till you hear this. Sprint the American phone company has **fired** about 1,000 of its customers. See the news here and here.

Why? For making too many calls to customer service!

I was like what??? but lets look at it for a minute. Who in their right mind would call customer service just for kicks? People call because they have a problem. And as long as that problem isn't solved, they will keep on calling.

Yes there are customers from hell and most companies write service contracts to eliminate them easily but to ditch customers who were just trying to get what they paid for is bizarre. Think of the message it sends out to their other customers – knock on our door one too many times and you're history man. Haha what a laugh.

And as if that's not bad enough guess who made this "A" list last April.



Source: MSN Money

What a joke 😀

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